



# Employment Tax Updates

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# Employers

- Those required to file Form 941, Employer's Quarterly Tax Return, or Form 944 Employer's Annual Tax Return
- 30.7 million returns filed in 2007

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# Abusive Transactions

- Zero Wages
- Worker Misclassification
- False information returns
- Abusive Form 843 Refund Claims
- Return Preparer Fraud
- Cash transactions



# Failure to File Employment Tax Returns

- Variety of reasons for non-filing
- Corrosive to tax system
- SBSE Employment Tax dedicates significant resources to address
- Internal and external data used

# 1120-S Officer's Compensation

- Little or no compensation reported and significant distributable income
- Performance of services by officer/shareholder is key
- Employment taxes reduced
- Fairness issue
- Compliance efforts

# National Tip Reporting Compliance Strategy

- Enterprise-Wide
- A variety of Tip Agreements
- Employee examinations
- Employer Only assessments per Fior D'Italia
- Gaming update

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# Trust Fund Recovery Penalty

- Key Collection tool
- Coordination at local level
- 100% of Trust Fund Tax due

# Guidance

- Tool Rental (Rev. Rul. 2005-52) (CCA 200745018)
- Disregarded Entities (Treas. Reg. §301.7701-2)
- Frivolous Filers (IRC Sec. 6702)
- Return Preparer Penalties (Notice 2008-13)

# Fringe Benefits

- Automobiles and other property
- Gift cards
- Travel and entertainment
- Cash payments
- Payment of personal expenses

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# Form Changes

- Form 4137 (Social Security and Medicare Tax on Unreported Tip Income)
- Form 8919 (Uncollected Social Security and Medicare Tax on Wages)
- Form 941X (Adjusted Employment Tax Returns)
- Form 941 (Employer's Quarterly Federal Tax Return)
- Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return)

# Employment Tax Cases

- Peno Trucking Incorporated
- Juan Ramirez
- Payroll Plus
- Columbine Health Care Systems
- JD Associates
- CSX
- University of Pittsburgh

# More Information on IRS.gov

- Small Business Tax Workshop DVD
- Small Business Resource Guide CD-ROM
- Tax Talk Today
- E-News for Tax Professionals
- E-News for Small Businesses
- IRS Phone Forums



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